NO. 1322

IN THE

UNITED STATES

Circuit Court of Appeals

FOR THE

NINTH CIRCUIT

William Pardy and A. Hasler,
Appellants,

vs.

J. D. Hooker Co.,
Appellee.

PETITION FOR REHEARING.

G. E. HARPHAM,
Solicitor for Appellants.

Parker & Stone Co., Law Printers, 233 New High St., Los Angeles, Cal.

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Now come the appellants herein and petition the court to grant a rehearing in this action on the ground that this court erred in deciding that complainants suit could not be maintained because of the agreement between Hooker and George Pardy as set out in the opinion.

In the opinion of the court filed October 29th, 1906, this court found that the court below erred in adjudging the patent sued on to be void and in deciding that George Pardy was not the inventor of the machine patented, holding that the evidence did show that George Pardy was the inventor of the machine. The court also says in its opinion "It also clearly appears both from the oral testimony and from the letters in evidence, that the dis-

tinct agreement between Hooker and George Pardy was that Hooker was to pay all the costs of the work and pay Pardy for his services and was to own and control any patent that should be issued covering the machine." The court also says, "We are of the opinion that such suit cannot be sustained in view of the distinct agreement between Hooker and the deceased Pardy above alluded to, to say nothing of the appellants' laches."

It is to these last matters that the appellants feel aggrieved and think that the court erred in so deciding. and that the reason the court so erred was because the court overlooked some of the testimony.

This suit being a suit in equity, and this court having found that George Pardy was the inventor of the Riveting Machine described in the letters patent and that the patent was rightfully taken out by the executor of his estate it was incumbent for the defendant to show that the title to the patent equitably belonged to J. D. Hooker before it could defeat the action.

We desire to call the court's attention to the fact that the answer *does not set up any equitable ownership to the patent sued on,* but bases the defense upon the ground that George Pardy was not the inventor of the patented improvement and that J. D. Hooker was.

This court having found that such contention was not true, awards the decision to the defendant upon the ground that equitably the title to the patent sued on was in J. D. Hooker and that therefore appellants could not maintain the action.

We desire particularly to call the court's attention to the letter of J. D. Hooker of date Feby. 17th, 1888,

(Exhibit 18, p. 183) from which we quote: "Again as to the machines I understand I am to own and control the patent upon them, paying you a fair and reasonable sum for all your time and labor and what will be just and fair between us."

Also to the letter of Hooker to Pardy of date July 20 1888, (Ex. 26, p. 190) from which we quote: "I don't want to sell these machines. Can make more out of the work. I want to own the whole business, *paying you fairly and squarely what would be right.*" Also to the letter of Hooker to Pardy of date May 6, 1889, (Ex. 27, p. 191) from which we quote: *"I propose to do the square thing with you.* I do not think you ever knew me to do otherwise. I shall be in S. F. shortly when I will see you. *You have not paid out any of your money for me.* I will make it plain to you."

Here then we find a statement of what Mr. Hooker's understanding in relation to the matter was at the time. There is nothing to show what George Pardy's understanding was, but assuming that he agreed with Mr. Hooker and that his understanding of the matter was the same as Mr. Hooker's, then before Mr. Hooker was legally or equitably entitled to the title of the patent on the machine, he was required to pay George Pardy "a *fair* and *reasonable* sum for all his time and labor and what will be *just* and *fair.*" Now can this court say that the testimony of Hooker or any other testimony in the case shows that Hooker ever did this? There is no testimony that he ever paid anything whatever. It is true that Hooker says that he overpaid Pardy for his time, but we call attention to the following testimony:

"Q. 139 (p. 123). Overpaid him. How much did you pay him? A. Well, I would be in his office and he would say he was short of money, he hadn't got money to pay his room rent, and I asked him how much would satisfy him, and he would say so much, and I would give it to him. I kept no tally of this.

"Q. 140. You kept no tally of it? A. No, sir.

"Q. 141. You took no receipts for it? A. No, sir. He never made any other demands for money on me except in that way."

At this very time George Pardy had a balance in bank.

Does this testimony satisfy a chancellor that Mr. Hooker had paid Pardy in accordance with the understanding upon which he, Hooker, was to own the patent on the machines, particularly in the face of the letter of May 6, 1889, exhibit 27, p. 191, from which it is clearly apparent that, not only had Pardy not been paid for his time, but claimed that he had not been paid the money which he had expended on the machines. In this letter he writes Pardy in answer to Pardy's letter of May 2nd: *"I propose to do the square thing with you. You have not paid out any of your money for me."* George Pardy died the following August. We also have the testimony of William Pardy, see p. 28, that he learned from his brother before his death that the question of the future control of the patent riveting machine was an open question between Mr. Hooker and George Pardy at the time of the death of George Pardy, and when the executor spoke to Hooker about taking out the patent Hooker said for the estate to take out the patent. The letters from which we have quoted certainly show that no settlement had been made at their respective dates, and no testimony was introduced showing a settlement

later, nor does Hooker even claim that he made any settlement with Pardy that entitled him to have the patent assigned to him. Upon what principle of equity can this court say that Hooker is entitled to the title of the patent without showing that he has complied with the conditions of the understanding upon which that title was to be owned by him?

If the title to the patent was legally in the claimants, and this court has found that it was, complainants were legally entitled to recover, unless the court can say from the evidence that Hooker has shown that he paid George Pardy a *fair* and *reasonable* sum for *all his time and labor upon the machine,* and in addition thereto *what would be just and fair between them,* for upon *that understanding* and *that alone* was the title to the patent on the machine to be transferred to Hooker. We have carefully searched the testimony and we cannot find one scintilla of evidence that Hooker ever paid Pardy any sum for the transfer of the patent rights on the machine to Hooker. Without such payment the equitable as well as the legal title to the patent was in the complainants and they were entitled to recover.

As the answer did not set up the question of laches on the part of complainants, no testimony was taken with reference thereto. We could have shown if necessary repeated demands upon Mr. Hooker from time to time for a settlement of these matters and could have shown that complainants were not able to get counsel skilled in patent matters to take up their cause before this action was brought. But aside from this question is a court of equity now going to permit the defendant,

Hooker, to take advantage of his own wrong? Is this court going to say that because action was not instituted as soon as the infringing machine was built, or within six years thereafter, that no relief can be had from a party who knew that he was wrongfully building the machine and using it? As to the right to obtain an injunction restraining the defendant from the further use of the machine, built after George Pardy's death, we say that the doctrine of laches cannot apply, because laches cannot transfer a right vested by law in one party to another. By the law, when the patent issued to complainant the exclusive right to make, to use, and to sell machines containing the patented improvement vested in them, except so far as that right had been alienated by George Pardy, the inventor. The extent of this alienation is shown by the testimony to be for two machines, and as to those two machines complainants are not suing or claiming any rights. They only claim a right of action as to the machine that was made after George Pardy's death.

We, therefore, respectfully request that the court grant us a re-hearing and direct the court below to render judgment for the complainants as prayed for in the bill of complaint.

G. E. HARPHAM,
Solicitor for Appellants.